



Title: I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 07–20, Alabama State Income Tax Withholding

Date: May 21, 2007

To: Holders of TAXES (State of Alabama only)
Personnel User Groups
T&A Contact Points in Alabama

The state of Alabama has added a new marital status MARRIED FILING SEPARATELY (N) on Form A–4, Employee's Withholding Exemption Certificate. Previously, SINGLE (S), MARRIED (M), and HEAD OF HOUSEHOLD (H) were the only statuses used by the state of Alabama. Due to this modification, personnel offices should notify employees to review their filing status and complete a new Form A–4, if applicable.

Beginning with wages paid for Pay Period 11, the National Finance Center (NFC) will also make the following changes to the state of Alabama income tax withholdings:

- A new filing status of MARRIED FILING SEPARATELY (N) will be added.
- The Standard Deduction amount is no longer 20% of annualized wages up to a maximum amount. The Standard Deduction amount will be based on a graduated table for each marital status.
- The Exemption amount, per dependent, will change from \$300 to an amount based on annualized wages.
- The nontaxable biweekly Federal Employees Health Benefits Plan payment and the taxable biweekly fringe benefits statements will be added to the state tax formula.

To view the updated tax formula, go to NFC's Home Page (www.nfc.usda.gov) and click **Pubs & Forms**. Then on the Pubs & Forms page left-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by "►◄".

For questions about NFC processing, contact the Payroll/Personnel Call Center at **504–255–4630**.

MARK J. HAZUDA, Director
Government Employees Services Division

Form A-4, Alabama Employee's Withholding Exemption Certificate

FORM A-4 REV. 01/07		ALABAMA DEPARTMENT OF REVENUE Employee's Withholding Exemption Certificate	
FULL NAME		SOCIAL SECURITY NO.	
HOME ADDRESS	CITY	STATE	ZIP CODE
HOW TO CLAIM YOUR WITHHOLDING EXEMPTIONS			
1. If you claim no personal exemption for yourself, write the figure "0", sign and date the bottom of Form A-4 (Note: If you claim no personal exemption you cannot claim dependent exemptions on Line 4)			
2. IF YOU ARE SINGLE or MARRIED FILING SEPARATELY a \$1,500 personal exemption is allowed. (a) if you are SINGLE and claim personal exemption for yourself (\$1,500) write the letter "S" (b) if you are MARRIED FILING SEPARATELY and claim personal exemption for "yourself only" (\$1,500), write the letters "MS"			
3. IF YOU ARE MARRIED or SINGLE CLAIMING HEAD OF FAMILY, a \$3,000 personal exemption is allowed. (a) if you are MARRIED and claim exemption for both yourself and your spouse (\$3,000), write the letter "M" (b) if you are single with dependents and claim HEAD OF FAMILY exemption (\$3,000), write the letter "H" (c) if you are married and wish to withhold at the higher single rate (\$1,500), write the letter "S"			
4. If during the year you will provide more than one-half of the support of persons closely related to you (other than spouse) write the number of such dependents \$			
5. Additional amount, if any, you want deducted each pay period.			
THIS LINE TO BE COMPLETED BY EMPLOYER:			
6. TOTAL EXEMPTIONS (Example: Employee claims "M" on Line 3 and "1" on Line 4. Employer should use column headed M-1 in the Withholding Tables.)			
DATE		SIGNED	

CHANGES IN EXEMPTIONS

You may file a new certificate at any time if the number of your exemptions INCREASES.

You must file a new certificate within 10 days if the number of exemptions previously claimed by you DECREASES for any of the following reasons:

(a) Your spouse for whom you have been claiming exemption is divorced, legally separated, or claims her or his own exemption on a separate certificate.

(b) The support of a dependent for whom you claimed exemption is taken over by someone else and you no longer expect to furnish more than half of this dependents support for the year.

OTHER DECREASES in exemption, such as the death of a spouse or dependent, do not affect your withholding until the next year, but require the filing of a new certificate by December 1 of the year in which this occurs.

Any correspondence concerning this form should be sent to the Alabama Department of Revenue, Individual and Corporate Tax Division, Withholding Tax Section, P.O. Box 327480, Montgomery, AL 36132-7480 or telephone (334) 242-1300 (fax (334) 242-0112).

EXCLUSION FROM WITHHOLDING TAX (EXEMPT STATUS)

This exemption applies only to those individuals who filed an Alabama income tax return for the previous year and who had no tax liability on that return.

"No tax liability last year" means that your previous year's Alabama tax return indi-

cated no tax liability for that taxable year. Therefore, if you had Alabama income tax withheld or paid estimated tax, all of this tax must have been refunded to you. If any portion of the tax paid last year was not refunded, you will not qualify for this exemption from Alabama withholding tax. For example, if your employer withheld \$450 from your Alabama wages during the year and after filing your tax return for that year you received a \$425 refund, you would not be eligible for exempt status.

DEPENDENTS

To qualify as your dependent (Line 4 on other side), a person must receive more than one-half of his or her support from you for the year and must be related to you as follows:

Your son or daughter (including legally adopted children), grandchild, stepson, stepdaughter, son-in-law, or daughter-in-law;

Your father, mother, grandparent, stepfather, stepmother, father-in-law, or mother-in-law;

Your brother, sister, stepbrother, stepsister, half brother, half sister, brother-in-law, or sister-in-law;

Your uncle, aunt, nephew, or niece (but only if related by blood).

PENALTIES

Penalties are imposed for willfully supplying false information. If an employee is believed to have claimed too many exemptions, this information should be reported to the Alabama Department of Revenue, Withholding Tax Section.

Alabama State Income Tax Information

State Abbreviation:	AL
State Tax Withholding State Code:	01
Acceptable Exemption Form:	A-4
Basis For Withholding:	State Exemptions
Acceptable Exemption Data:	S, ▶N◀, M, H / Number of Exemptions
TSP Deferred:	Yes
Special Coding:	▶Determine the Total Number Of Allowances Claimed field as follows: First Position – S = Single; N = Married, Filing Separate Returns; M = Married; H = Head of Household. Second and Third Positions – Enter the total number of allowances claimed. If less than 10, precede with a zero.◀
Additional Information:	None

Withholding Formula ▶(Effective Pay Period 11, 2007)◀

1. Subtract the ▶nontaxable◀ biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. ▶Subtract the nontaxable biweekly Federal Health Benefits Plan payment (s) (includes dental and vision insurance program, and flexible spending account – health care and dependent care deductions) from the amount computed in step 1.◀
3. ▶Add the taxable biweekly fringe benefits (taxable life insurance, etc.) to the amount computed in step 2 to obtain the adjusted gross biweekly wages.◀
4. Multiply the adjusted gross biweekly wages times 27 to obtain the gross annual wages.
5. Determine the personal exemption by applying the following guideline and subtract this amount from the gross wages to compute the taxable income.

**► Tax Withholding Table
Zero or Single
(Filing Status S)**

**If the Amount of
Taxable Income Is:**

**The Standard Deduction
Amount Is:**

Over:	But Not Over:	
\$ 0	\$ 20,000	\$ 2,500
20,000	20,500	2,475
20,500	21,000	2,450
21,000	21,500	2,425
21,500	22,000	2,400
22,000	22,500	2,375
22,500	23,000	2,350
23,000	23,500	2,325
23,500	24,000	2,300
24,000	24,500	2,275
24,500	25,000	2,250
25,000	25,500	2,225
25,500	26,000	2,200
26,000	26,500	2,175
26,500	27,000	2,150
27,000	27,500	2,125
27,500	28,000	2,100
28,000	28,500	2,075
28,500	29,000	2,050
29,000	29,500	2,025
29,500	and over	2,000 ◀

**▶ Married – Filing Separately
(Filing Status N)**

**If the Amount of
Taxable Income Is:**

Over:

\$ 0
10,000
10,250
10,500
10,750
11,000
11,250
11,500
11,750
12,000
12,250
12,500
12,750
13,000
13,250
13,500
13,750
14,000
14,250
14,500
14,750

**But Not
Over:**

\$ 10,000
10,250
10,500
10,750
11,000
11,250
11,500
11,750
12,000
12,250
12,500
12,750
13,000
13,250
13,500
13,750
14,000
14,250
14,500
14,750
and over

**The Standard Deduction
Amount Is:**

\$ 3,750
3,662
3,574
3,486
3,398
3,310
3,222
3,134
3,046
2,958
2,870
2,782
2,694
2,606
2,518
2,430
2,342
2,254
2,166
2,078
2,000 ▶

▶ Married
(Filing Status M)

**If the Amount of
Taxable Income Is:**

**The Standard Deduction
Amount Is:**

Over:	But Not Over:	
\$ 0	\$ 20,000	\$ 7,500
20,000	20,500	7,325
20,500	21,000	7,150
21,000	21,500	6,975
21,500	22,000	6,800
22,000	22,500	6,625
22,500	23,000	6,450
23,000	23,500	6,275
23,500	24,000	6,100
24,000	24,500	5,925
24,500	25,000	5,750
25,000	25,500	5,575
25,500	26,000	5,400
26,000	26,500	5,225
26,500	27,000	5,050
27,000	27,500	4,875
27,500	28,000	4,700
28,000	28,500	4,525
28,500	29,000	4,350
29,000	29,500	4,175
29,500	and over	4,000 ▶

**► Married – Head of Household
(Filing Status H)**

If the Amount of Annual Wages Is: Over:	But Not Over:	The Standard Deduction Amount Is:
\$ 0	\$ 20,000	\$ 4,700
20,000	20,500	4,565
20,500	21,000	4,430
21,000	21,500	4,295
21,500	22,000	4,160
22,000	22,500	4,025
22,500	23,000	3,890
23,000	23,500	3,755
23,500	24,000	3,620
24,000	24,500	3,485
24,500	25,000	3,350
25,000	25,500	3,215
25,500	26,000	3,080
26,000	26,500	2,945
26,500	27,000	2,810
27,000	27,500	2,675
27,500	28,000	2,540
28,000	28,500	2,405
28,500	29,000	2,270
29,000	29,500	2,135
29,500	and over	2,000 ◀

6. ► Calculate the Federal Tax Deduction based on the actual amount of federal tax withheld this payroll period multiplied by 27. ◀
7. Determine the personal exemption allowance based on the employee's marital status using the following table.

If the Employee Claims the Following Withholding Exemption Status:	The Personal Exemption Allowance Is:
Zero	\$ 0
Single or Married Filing Separate	1,500
Married or Head of Household	3,000

8. Calculate the Dependent Exemption by multiplying the number of exemptions claimed by one of the following amounts based on the employee's annualized wages.

If the Amount of Annual Wages Is: Over:	But Not Over:	The Amount Per Dependent Is:
\$ 0	\$ 20,000	\$ 1,000
20,000	100,000	500
100,000	and over	300

9. ► If the employee is claiming “0” (ZERO), SINGLE, MARRIED FILING SEPARATELY or HEAD OF HOUSEHOLD, apply the following tax rate the annualized taxable wages to determine the annual amount.◀

**Zero
Single
Married – Filing Separately
Head of Household**

If the Amount of Annual Taxable Wages Is:		The Amount of Tax Is:			
Over:	But Not Over:				
\$ 0	\$ 500	\$ 0 plus	2.0%	\$	0
500	3,000	10 plus	4.0%		500
3,000	and over	110 plus	5.0%		3,000

10. ► If the employee is claiming MARRIED, apply the following tax rate the annualized taxable wages to determine the annual amount.◀

Married

If the Amount of Annual Taxable Wages Is:		The Amount of Tax Is:			
Over:	But Not Over:				
\$ 0	\$ 1,000	\$ 0 plus	2.0%	\$	0
1,000	6,000	20 plus	4.0%		1,000
6,000	and over	220 plus	5.0%		6,000

11. Divide the annual Alabama tax withholding by 27 to obtain the biweekly Alabama tax withholding.